

Myanmar-Sino Relations

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On 1st April 2016, a new era began for Myanmar. On that day, Aung San Suu Kyi's National League for Democracy (NLD), under the presidency of newly inaugurated Htin Kyaw, took power in a country which has only known democracy for 14 of its 1,000 year recorded history.^[1] Not only does the country face domestic challenges including rampant internal conflict, corruption and poverty, but Aung San Suu Kyi's NLD will have to navigate the country's complex relationship with China.

Historically, Myanmar-Sino relations have fluctuated. During Myanmar's military junta, when the country faced heavy sanctions and isolation from the international community, China remained its largest trade partner and investor. However, from 2011, under President Thein Sein, Myanmar began to draw away from Beijing, in a transition from pariah state to democracy. Most famously, Thein Sein suspended the construction of the Chinese Myitsone Dam, which was intended to supply China with hydroelectricity.^[2] Continuing ethnic conflict on the border in Kachin State and Shan State also contributed to raise tension. The friction could be seen in Chinese investment, with the level of official FDI falling from \$8.2 billion in 2011, to just \$56 million in 2013-2014.^[3] The worsening of relations came in tandem with popular anti-Chinese sentiment among the population of Myanmar, who view Beijing as oppressive and exploitative.

However, China has shown interest in the new democratic system emerging south of its border.^[4] In June 2015, the Chinese Communist Party invited Aung San Suu Kyi to China and to meet with President Xi Jinping.^[5] Aung San Suu Kyi was greeted with a reception held for visiting heads of state, despite only being a party head. China's attention to the NLD may well represent pragmatism, seemingly proven to be apt in November 2015 when the NLD won 80% of votes, and secured a majority in Myanmar's Parliament. The efforts appeared to have paid off; Aung San Suu Kyi herself stated that she would pay "special attention" to China when her party takes office.^[6] In

March 2016, the Chinese Foreign Minister Wang Yi expressed confidence in the future of China-Myanmar relations, which he stated is based on “mutual understanding and trust”.^[7]

Nevertheless, despite this, China’s recent engagements in Myanmar suggest concern over the future NLD government’s stance towards China. Since late 2015, there has been a rush of Chinese agreements with the outgoing government before the transition on 1st April. Among others, China has won tenders for two large commercial projects in Myanmar: the first, on 31st December a consortia led by China’s CITIC Group Corporation won bids to develop the Kyaukphyu Special Economic Zone in Myanmar’s Rakhine State,^[8] and the second, a US\$1.5 billion agreement to develop Myanmar’s Hanthawaddy International Airport project.^[9] There has also been the acceleration of plans for the construction of Chinese-led dams on the Thanlwin River. Bilateral trade between the two has hit US\$9.4 billion in the first ten months of the 2015-2016 fiscal year.^[10]

However, popular opinion remains suspicious of Chinese influence in the country. Reflecting the people’s concerns, in February, parliamentary members of the NLD called for an investigation into these quick-sales and privatisations of the outgoing government. 278 voted in favour of continuing the conversation.^[11] The support for the investigation suggests that the investment trend represents something other than genuine Myanmar-Sino cooperation. Quickly rebutting the investigation, one government minister called the “pointing fingers” an attempt to “disgrace the existing government”.^[12] The recent investments and accompanying rapid defence may well represent a last-ditch attempt of the military to maintain an influence in Myanmar. This scramble to maintain influence is also present in Beijing, with Chinese Vice Foreign Minister Liu Zhenmin claiming that China will seek to “push” cooperation on the Myitsone Dam with the new government.^[13]

What do these recent events suggest for China-Myanmar relations when the new President and government comes to power in April? If China’s attention towards the NLD and Aung Sun Suu Kyi was inspired by Beijing’s souring relations with the military-

dominated government,[14] the rush of pre-transition investment seems contradictory, however may represent attempts by both parties to secure a last-minute foot-hold in a new Myanmar. The potential of improving cooperation between China and the NLD seems to already be undermined by parliament's concern for the recent growth in investment agreements. Whilst Aung San Suu Kyi has shown interest in cooperating with China, this recent development in Parliament suggest that the latent anti-Chinese sentiment among the population in Myanmar may stand as a brake on Beijing's ambitions in the country. Following the openings since 2011, the United States has become increasingly present in Myanmar, with President Obama offering a personal phone call to Aung San Suu Kyi upon her party's victory in November last year. [15] China's interest in the NLD may be dependent on the pragmatism of its leader towards its great neighbour, however in the democratic turn, will the rest of country choose to allow a growing Chinese presence, or turn to the West?

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[3] 'A New Era for China-Myanmar Relations?', *The Diplomat*, 9th Dec. 2015, <http://thediplomat.com/2015/12/a-new-era-for-china-myanmar-relations/>

[4] 'Aung San Suu Kyi, the Dragon's Lady', *The New York Times*, 21st Jan. 2016, www.nytimes.com/2016/01/22/opinion/aung-san-suu-kyi-the-dragons-lady.html?_r=0

[5] 'Myanmar Opposition Leader wraps up China visit', *Channel News Asia*, 14th June 2015, www.channelnewsasia.com/news/asiapacific/myanmar-opposition-leader/1914842.html

[6] 'Myanmar's Suu Kyi says China deserve close attention', *Reuters*, 18th Nov. 2015, www.reuters.com/article/us-myanmar-election-china-idUSKCN0T70OZ20151118

[7] 'Foreign Minister Wang Yi Meets the Press', *Ministry of Foreign Affairs of the People's Republic of China*, 9th Mar. 2016, www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1346238.shtml

[8] 'China's CITIC wins projects to develop Myanmar economic zone', *Reuters*, 31st Dec. 2015, www.reuters.com/article/myanmar-citic-project-idUSL3N14K1D720151231

[9] <http://en.chinca.org/projectinfo/1695.jhtml>

[10] 'Myanmar-China bilateral trade hits over \$9bn in 10 months of 2015-2016 FY', *China Daily*, 16th Feb. 2016, www.chinadaily.com.cn/business/2016-02/16/content_23499905.htm

[11] 'Parliament urges enquiry into last-minutes rush for lucrative deals', *Myanmar Times*, 26th Feb. 2016, www.mmtimes.com/index.php/business/property-news/19191-parliament-urges-enquiry-into-last-minute-rush-for-lucrative-deals.html

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[13] 'China to push Myanmar's new government on stalled dam', *Reuters*, 17th Mar. 2016, <http://af.reuters.com/article/energyOilNews/idAFL3N16P2X5?pageNumber=1&virtualBrandChannel=0>

[14] 'Aung Sun Suu Kyi, The Dragon's Lady', *The New York Times*, 21st Jan. 2016, www.nytimes.com/2016/01/22/opinion/aung-san-suu-kyi-the-dragons-lady.html?_r=0

[15] 'Read out of the President's Call with Aung Sun Suu Kyi of Burma', *The White House*, 12th Nov. 2015, www.whitehouse.gov/the-press-office/2015/11/12/readout-presidents-call-aung-san-suu-kyi-burma